

Message Text

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44

ACTION NEA-09

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-03 H-01

INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 ERDA-05 AID-05 CEA-01 CIEP-01 COME-00 EB-07

FEAE-00 FPC-01 INT-05 OMB-01 SAM-01 OES-03 STR-01

TRSE-00 FRB-03 /099 W

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P R 051344Z MAR 75

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC PRIORITY 2421

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY MANAMA

USMISSION OECD PARIS

USMISSION EC BRUSSELS

C O N F I D E N T I A L KUWAIT 1037

E.O. 11652: GDS

TAGS: ENRG, KU

SUBJECT: LOCAL PRESSURES GROW TO NATIONALIZE KUWAIT OIL COMPANY

1. EXXON REP BAKER TOLD AMBASSADOR THAT MINISTRY OF OIL ACT-
ING UNDERSEC ADASANI HAD INFORMED HIM MINISTRY WOULD BE
ISSUING PRESS RELEASE MARCH 5 STATING THAT GOK ASKING GULF AND
BP TO COME TO KUWAIT TO DISCUSS DISPOSITION OF THEIR 40 PERCENT
OWNERSHIP OF KOC.

2. ACCORDING BAKER, ADASANI SAID DECISION ISSUE PRESS RELEASE
WAS OUTGROWTH OF GOVT CRISIS WHICH DEVELOPED MARCH 4 (SEPTTEL).
WHILE NOT WILLING MAKE ANY FIRM PREDICTION, ADASANI DID NOT
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RULE OUT POSSIBILITY GOK WOULD BE ABLE TO DRAG OUT DEBATE WITHIN

NATIONAL ASSEMBLY ON NATIONALIZATION OF KOC FOR SOME WEEKS OR EVEN MONTHS.

2. IN TELEPHONE CONVERSATION KOC MANAGER STRAND CONFIRMED ABOVE POINTS AS CORRECT, AND SAID THAT HE HAS CABLED GULF OIL COMPANY TO SEND REP HERE.

3. COMMENT: RECENTLY GOK, IN STATEMENTS BY ATEEQI AND MIN OF OIL KAZEMI (KUWAIT 924), HAVE MADE PUBLIC STATEMENTS INDICATING GOK NOT INTERESTED IN NATIONALIZING KOC NOW. NATIONALIZATION QUESTION, HOWEVER, IS MOST HANDLY IMPORTANT, POLITICALLY SENSITIVE ISSUE OPPOSITION ELEMENTS IN INDEPENDENT-MINDED, NEWLY ELECTED NATIONAL ASSEMBLY CAN GRASP. IT IS ANALOGOUS TO PREVIOUS OIL-RELATED ISSUES SUCH AS LIMITING PRODUCTION OR INSISTING ON GREATER LEVEL OF GOK PARTICIPATION IN KOC THAN GOVERNMENT SOUGHT. ON THOSE OCCASIONS NATIONAL ASSEMBLY USED SENSITIVE OIL ISSUE TO DRAMATIZE OPPOSITION TO GOK POLICIES. AND ON BOTH OCCASIONS NATIONAL ASSEMBLY SIGNIFICANTLY AFFECTED ULTIMATE GOVERNMENT POLICY ON IMPORTANT OIL-RELATED MATTER. WE ANTICIPATE GOK WILL TRY TO STALL, THAT LEGISLATURE WILL MAINTAIN PRESSURE AND THAT ISSUE WILL DOMINATE NATIONAL ASSEMBLY OVER SPRING.
STOLTZFUS

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05 JUL 2006

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